



## Welcome to the Summer edition of the "Small Biz Brief"

These current economic times require particular focus and careful attention be paid to the contributions and unique needs of Massachusetts' small business community. In this edition we will speak to Jeffrey Simon, the Commonwealth's Director of Infrastructure Investment and Robert Nelson, Regional Director for the Small Business Administration (SBA) to get their perspectives on the small business role in Massachusetts' economic recovery. This edition will also share some of the events, initiatives, programs and activities that celebrate Massachusetts' small business.

As always, we look forward to working with you!

Sincerely,

Andre Porter, Executive Director



Andre M. Porter

## Technical Assistance Grant Program

The Technical Assistance Grant Program for fiscal year 2009 is drawing to a close for many of our providers. OSBE is happy to report the following results as reported by our 25 grantee providers. Collectively these technical assistance provides assisted entrepreneurs and small business owners by:

- Providing 1 on 1 counseling to **1,093** entrepreneurs/small business owners,
- Collectively these businesses created **179** new jobs,
- The companies also helped to retain **729** jobs; and
- The businesses helped through this these programs access **\$6,255,539** in new loans.

## Keep in Contact

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## QA Federal Stimulus with Jeffrey Simon

Jeffrey Simon was appointed the Director of Infrastructure Investment by Governor Deval Patrick. Mr.

Simon monitors Massachusetts economic activity relative to the American Recovery and Reinvestment Act of 2009 (ARRA) or commonly known as “The Federal Stimulus Bill”. He answered some questions about impact small business can expect from the ARRA.

### How would you characterize your role and the role of the Infrastructure Investment Office?

The role of the Office of Infrastructure Investment is to oversee the spending of the \$1–2 billion in federal stimulus funds for infrastructure projects. We serve as a **point of contact** for the federal government and the public, and **ensure that projects are selected keeping in mind the criteria that Governor Patrick’s Task Force suggested and which he adopted. These include jobs, readiness, regional equity and a number of considerations for investing in good sustainable projects.** We **coordinate projects between state agencies and municipalities**, helping to streamline the process of obtaining regulatory approvals and **ensuring compliance** with federal and state regulations. We also maintain **transparency and accountability** by maintaining the recovery website, creating opportunities for public input on project progress, and **reporting** spending to the public and to state and federal government regulators.

### How much discretion does the Administration have over where the federal stimulus money goes?

The ARRA provides for the distribution of funds in three ways:

1. **By formula:** Certain funds from the act will be distributed to states, cities and towns through pre-set formulas based on population, need, potential job creation and other factors. Education funds, local and state budget stabilization funds, highway investment funds and Medicaid funds all fall under this category. Within these categories, there is discretion on which projects to fund.
2. **By competition:** Some funds from the Recovery Act will be awarded through competitive grant awards. Federal agencies such as the National Institutes of Health, the National Science Foundation and the National Telecommunications Information Agency will solicit proposals for projects, evaluate the proposals based on a variety of factors and award funding to the projects that most meet their criteria.
3. **By need:** Some funds from the Recovery Act will be awarded based on need by individuals who qualify.

These funds will flow through already established programs such as unemployment insurance, education grants, food stamps and small business loans.

The ARRA funds infrastructure projects in a wide array of areas: roads, bridges, rail and public transportation, airport modernization, public housing, clean water, energy-efficient home and building improvements, technology improvements and more. Funding in each of these categories is subject to restrictions and guidelines designated by the Recovery Act, and grants are awarded based on the varying criteria in the federal rules for each program.

The act requires projects in most categories to be “shovel-ready” in order to receive funding. Massachusetts has defined this term to mean:

- Projects have local borrowing authorizations in-hand
- Projects have been fully designed with plans and specifications in-hand
- Projects have all permits in hand

In other words, for a project to be considered shovel ready, it needs to be ready to advertise for bids.

Projects meeting those criteria will be selected by the state based on the number of jobs they will create, equity across regions of the state, their impact on existing operating budgets, and their long-term impact.

### There seems to be an emphasis on Energy and Technology & Research related funds. How does the Administration perceive the impact of these sectors to be on strengthening Massachusetts economy, homes and businesses?

Massachusetts’ citizens pay some of the highest energy prices in the Nation, and it is in the Administration’s best interest to help increase energy efficiency.

The Recovery Act investments will be strategic and focused:

- Promote Energy Efficiency
- Deploy Renewable Power
- Modernize the Grid
- Reduce Oil Consumption
- Restore America’s Scientific Leadership

*Some funds from the Recovery Act will be awarded based on need by individuals who qualify. These funds will flow through already established programs such as unemployment insurance, education grants, food stamps and small business loans.*

- Reduce Legacy Environmental Footprint
- Reduce Greenhouse Gas Emissions

For the state of Massachusetts, priority Energy Recovery Opportunities include:

- Alternative fuels
  - Energy efficiency and renewable energy program
  - Clean energy and industrial efficiency
  - Retrofitting for energy efficient homes and buildings
- Stimulus funding for technology will go towards a number of investments including:

Electronic health records—designed to help physicians and hospitals acquire electronic health record (EHR) technology

Broadband expansion

- National Science Foundation Grants
- National Institutes of Health Grants

### What advice would you give to businesses trying to access funds and business opportunities from the stimulus?

There are some great opportunities available through ARRA. There are a few ways to increase your chances of being a beneficiary of the stimulus dollars coming into the Commonwealth. We highly recommend staying updated through our recovery website at <http://www.mass.gov/recovery> where you can click on opportunities for small business and find out key information on resources and opportunities specifically for small business.

Small businesses seeking business opportunities should look to participate in the federal or state procurement process. [www.fbo.gov](http://www.fbo.gov) will display federal business opportunities, and [www.comm-pass.com](http://www.comm-pass.com) will direct business owners to state contracts here in Massachusetts. If you put in the keyword “stimulus” you can get a list of all ARRA-funded opportunities. For those business owners unfamiliar with government procurement, the Procurement Technical Assistance Center, a service offered by the Massachusetts Small Business Development Center Network, can help guide small businesses through the federal procurement process.

America’s Recovery Capital (ARC) loans from the Recovery Act are available to small businesses through existing SBA-approved commercial lenders, not through the SBA itself. Business owners seeking loans should visit their local bank, credit union, or small business lending corporation.

### What are the key areas in the ARRA that small business should focus on?

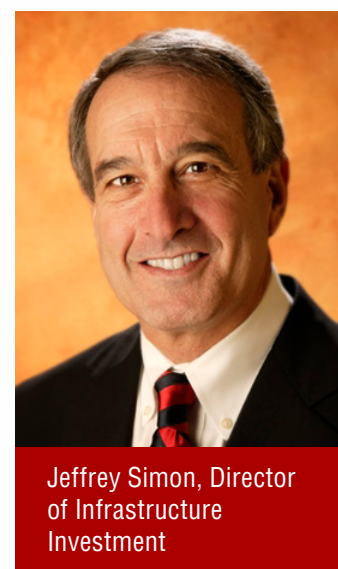
There are lots of opportunities, but a few stand out. The Weatherization Program, for example, will provide thousands of grants to homeowners to weatherize their homes. Much of this work will be performed by small businesses. The Recovery Act’s energy and broadband provisions also offer new and exciting opportunities for small businesses to sell their products and services to the Commonwealth.

### Are there any discretionary funds aimed at small business development?

The Recovery Act includes provisions to help small businesses get back on their feet through credit subsidies, micro-loans, tax relief, and deferred loan repayment programs. These provisions will be handled by the Small Business Administration ([www.sba.gov](http://www.sba.gov)).

### How can small businesses become involved in the bidding process for federal competitive grants?

Small businesses can apply for federal grants at [Grants.gov](http://Grants.gov). The federal grants website has a section dedicated to federal funds available through the Recovery Act. Other federal business opportunities are available at [www.fbo.gov](http://www.fbo.gov).



Jeffrey Simon, Director of Infrastructure Investment

## Celebrating Small Business in Massachusetts

Over the last few months OSBE has participated in several events illustrating the richness of small business and entrepreneurship.



May 12, 2009, Governor Deval Patrick joined Andres Lopez, Director of the Massachusetts Community Development Finance Corporation (CDFO), a quasi-public lending institution, to announce a \$500,000 term loan given by CDFO to Brockton based CCS Environmental to help them expand.



At the 20th Anniversary of the MIT \$100K Entrepreneurship Competition, Secretary Gregory Bialecki issues a proclamation on behalf of Governor Deval Patrick declaring May 13th, 2009, as Entrepreneurship at MIT Day in Massachusetts.



Winners, K-Splice at the MIT \$100K Entrepreneurship Competition. For a video of the event click here <http://techtv.mit.edu/collections/mit100k>





May 18, 2009, OSBE was on hand to kick off Small Business Week in Lowell with Congresswoman Niki Tsongas and Mayor Edward C. Caulfield. The program recognized students from the Lowell Middlesex Academy Charter School who completed the Right Start Entrepreneurial Training Program.



On May 10, 2009, Andre Porter helped the one of TA grantees the Lowell Small Business Assistance Center celebrate their 10th Anniversary.  
[www.lowellsbac.org](http://www.lowellsbac.org)



On May 19, 2009, the US Small Business Administration celebrated Small Business Week by honoring the 2009 Small Business and Champion Award Winners from at a reception held at the New England Xpo for Business.



June 10, 2009, Governor Patrick launched the MassChallenge Venture Funds Competition, an effort aimed at supporting entrepreneurs and startup companies, creating jobs and strengthening the state's innovation economy.

[Click here for more information on the event.](#)



On May 19, 2009 SBA's 2009 Massachusetts Business Person of the Year, Sumul Shah, was honored by President Barack Obama at the White House. [http://www.sba.gov/localresources/district/ma/news/MA\\_LUMUS.html](http://www.sba.gov/localresources/district/ma/news/MA_LUMUS.html)





## Small Business Lending with Robert Nelson

Robert Nelson serves as the Massachusetts District Director for the U.S. Small Business Administration.

Mr. Nelson oversees the delivery of financial assistance and business development via the SBA to Massachusetts. He spoke with OSBE about the current and future financial climate for small businesses.

**The SBA has been around for over 55 years helping grow and sustain small business, yet recently many have claimed “this is not your Father’s SBA.” What changes in programs, resources and services typifies that statement?**

I have been with SBA for nearly 12 years and in that time frame alone there have been significant changes at SBA with our loan programs becoming so much more user friendly for the bank and the borrower. The SBA does not do direct lending anymore and all of our loans are made with the help of our lending partners. 73% of our loans in MA are done using the Express program which is for loans of \$350,000 or less. Under Express the lender is allowed to use all of its own forms, documents and procedures and for the most part they are submitted to SBA electronically for review and approval. Most lenders get an approval from SBA within 36 hours of receipt by SBA. The days of tons and tons of paperwork and extremely long turn around times are over.

Many of our processes and functions have been centralized into national processing centers or service centers which have made for consistent actions and decisions on the part of the SBA. When we first centralized there were problems with the processing of guaranty payments to lenders as well as a serious backlog. New processes have since been established at the purchase center and payments by the SBA on demands by the bank on the SBA guarantee are being completed within 45 days of the submission of a complete purchase package.

**How would you characterize your role as District Director?**

The SBA mission is to foster, preserve and promote the interest of small business. In Massachusetts I have 16 people helping me serve our customers, including our branch manager in Springfield, MA. As director, I am responsible for overseeing all SBA programs and insuring effective delivery in all of our major work areas which includes financial assistance, government contracting assistance, and education and counseling.

Because I came up through the ranks at the SBA, I have direct knowledge of SBA programs and services and I tend to be an active and hands-on manager. I have been working

hard at building a team that completes internal projects as well as external ones with the small business community and SBA’s resource partners. It is only with the help of everyone that we will be able to achieve the results that are needed to see us through this cycle.

In addition, I see the district office as a liaison between our lenders and small businesses as well as with SBA’s service centers and headquarters in Washington. My role is to facilitate communication among all in order to provide quality customer service to our clients, the small businesses in Massachusetts. Being responsive to the needs and addressing challenges is vital. My priority is to ensure that all small businesses in the Commonwealth are aware of all SBA programs and services and that they take advantage of them during these challenging times.

**The stimulus Fund provides more than \$730 million to the SBA. What programs have been most strengthened? Are the SBA signature programs the 504s and 7(a)s healthy again?**

Our lending programs certainly have been re-energized and there is renewed excitement and interest in SBA. As part of the Recovery Act, the first two things that were implemented were the increase in our guaranty percentage on 7a loans from 75% up to 90% and the elimination of most of the fees that are charged to obtain an SBA loan—both on the 7a side and 504 side. When comparing our loan activity for the three months since the Act was signed (2-17 thru 5-17) vs. the three months prior, our activity is at 147% of what it was, and Massachusetts small businesses have recognized approximately \$1.4 million in fee savings during this time period. With these two changes alone, we are seeing strong demand for SBA loans and because of the broad base of lenders that we have here in the Commonwealth, lenders are starting to respond. Together we are making an impact.

SBA started accepting applications for its newest tool in the toolbox, which is called an ARC loan (America’s Recovery Capital) on June 15, 2009. This is a temporary loan program to help viable but struggling small businesses survive the downturn. Under this loan program, we will provide the bank with a 100% guaranty on \$35,000 loans to eligible small businesses. The proceeds of these loans will be used to make debt payments on existing debt for six months

and the small business does not have to start repaying until 12 months after final disbursement. The other very attractive element is that SBA will pay the interest monthly to the bank for the life of the loan at Prime plus 2%; these loans are interest free to the borrower. Talk about a win-win for small businesses and banks.

### The ARC loan program was recently made available. What activity are you seeing? How is Massachusetts performing versus other states?

Last week we provided training to approximately 100 different lenders across the state to get them comfortable with this new program. At this time, we are still fielding questions and conducting lender outreach calls. Monday the 16th was the first day that the SBA starting accepting applications for ARC loans and while there were no ARC loan approvals in New England, loans were approved in other regions of the country. We do know that there are several lenders currently working with potential applicants and getting ready to submit ARC loan applications to SBA.

On our lender training calls, we have received positive indications from our lenders that they will be active participants in this new temporary program.

I believe that Massachusetts will get its fair share of these loan dollars given the procedures that lenders must use in order to process these loans. The process is expedited for delegated lenders and for lenders who use our electronic submission process called E-Tran. In Massachusetts, nearly all of our lenders are delegated lenders who are active E-Tran users.

Funds under this temporary program are limited and we estimate that we will be able to assist with approximately 10,000 loans nationwide under the authority that we received. We believe there will be strong demand for the money and that activity will intensify as the word gets out about the program and lenders become comfortable with it. Businesses that are viable but struggling should not hesitate and should start the process immediately by talking to their bankers about the product and eligibility for it. These businesses should also work with SBA's technical resources: SCORE, the Center for Women & Enterprise, and the Massachusetts Small Business Development Center network advisors to prepare cash flow projections.

### There has been a lot of talk recently about the economy turning around, are there any signs you are seeing to help justify this statement? I.e. bank lending, credit availability, job growth.

Bank lending has increased as evidenced by SBA's 7(a) and 504 loan volume. Access to capital difficulty and credit tightening was seriously impacting small business in the fall and throughout the winter. While banks are still being very cautious on loan underwriting, credit is flowing again and businesses are obtaining loans. We are also starting to hear stories of business improvement from our clients themselves with orders picking up and general business improvement. Back last fall, everything came almost to a standstill and no one knew for sure how bad things were going to get. We are also starting to see an increase in our loans to start up businesses again. 26% of our loans this year to date have gone to early stage businesses which is an improvement over what it was even just last quarter.

### Are you encouraged with the small business lending environment and activity in Massachusetts? What would you like to see?

I am encouraged by our lending environment and overall activity but do have some concerns over the lending retrenchment on the part of several of the major national players and concerns with the lack of lending to start-ups by these national lenders. Here in MA this YTD we have had over 95 banks do loans for us here in MA. We have recruited and signed on several new lenders to become SBA participating lenders in the past several months alone. In addition to traditional lenders, credit unions are becoming more active for us and will continue to play a strong role in providing access to capital to our businesses here in the state.



Robert Nelson serves as the Massachusetts District Director for the U.S. Small Business Administration Investment

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I do have concerns about the practice of some banks in not working with borrowers on loan restructures and modifications and deferments to the extent that they could and should be. Given the economic climate, SBA has been encouraging its lending partners to provide loan payments deferments if requested and to also consider loan workouts in order to try to save jobs and businesses.

The biggest thing that I want to see now is many lenders helping small businesses with the ARC loan to help small businesses stabilize and to provide them with the time needed to get back on track.

### How does Massachusetts per capita/per businesses stack up in utilizing the SBA against other states?

Nationally, SBA has seen a 30 percent increase in average weekly loan dollar volume compared to the weekly average before the passage of the Recovery Act. Massachusetts has seen an even more dramatic rise with a 47% increase.

### Other than lending, how is the SBA helping to stimulate and reinvigorate Massachusetts small businesses?

SBA is dedicated to educating small business owners and entrepreneurs. One source for training is SBA's Small Business Training Network, a customer-focused SBA strategy designed to enrich, educate and empower small businesses. It is an Internet-based learning environment—operating like a virtual campus—offering online courses, workshops, publications, information resources, learning tools and direct access to electronic counseling, and other forms of technical assistance. Visit <http://www.sba.gov/services/training/index.html> for a complete listing of training opportunities.

In addition, SBA partners with three organizations in Massachusetts that provides small business training and counseling.

The Massachusetts Small Business Development Center Network provides free one-to-one in-depth business advisory services, training, and access to capital to over 8,500 clients annually. The statewide program has three

integrated product lines: business advisory services, government contracting and international trade/export services. The network delivers services at 42 outreach sites throughout the state. and is built on partnerships, including the SBA the Department of Defense, the Massachusetts Executive Office of Housing and Economic Development, higher educational institutions (University of Massachusetts Amherst, University of Massachusetts Boston, University of Massachusetts Dartmouth, Clark University and Salem State College), as well as private organizations, economic development groups and local chambers of commerce. Visit [www.msbd.org](http://www.msbd.org) for more information.

SCORE, "Counselors to America's Small Business," operates as a not-for-profit association dedicated to entrepreneurial education and the formation, growth and success of small business. Its 265 counselors in Massachusetts are primarily retired men and women who have chosen to give back to business the expertise that made them successful as the

expanded their own businesses, provide entrepreneurs with free, confidential face-to-face, email and telephone business consulting. There are six main locations and 37 satellite sites throughout the state. There is also a wealth of information at [www.score.org](http://www.score.org).

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The Center for Women & Enterprise (CWE) is a regional entrepreneurial training organization, with offices in Boston and Worcester, Massachusetts, and Providence, RI. CWE's mission is to empower women to become economically self-sufficient and prosperous through entrepreneurship. CWE offers education, training, technical assistance and access to both debt and equity capital to entrepreneurs at every stage of business development, and from a wide variety of racial, ethnic, and socio-economic backgrounds—spanning the range from women in public housing who may want to start home-based or small retail businesses, to women running fast-growth technology businesses. As a benefit corporation, CWE provides its services on a sliding-scale basis in order to serve all women, regardless of their ability to pay. Visit [www.cweonline.org](http://www.cweonline.org).

### What if anything can the SBA do or is doing to ensure small businesses get there fair share of Federal contracts?

SBA's Office of Government Contracting works to create an environment for maximum participation by small businesses in federal government contract awards and large prime subcontract awards.

To foster an equitable federal procurement policy, government-wide small business goals, in terms of a percentage of annual expenditure, are established for federal agencies. SBA negotiates the goals annually with each federal agency on an individual basis. Currently, the overall small business goal is 23%.

SBA administers several programs and services that assist small businesses in meeting the requirements to receive government contracts, either as prime contractors or subcontractors. These include the Certificate of Competency, the Non-Manufacturer Rule Waiver, and the Size Determination programs. The office also oversees special initiatives such as the Women's Procurement program, the Veteran's Procurement program, and the Procurement Awards program, and the Annual Joint Industry/SBA Procurement Conference. Visit [www.sba.gov.gc](http://www.sba.gov.gc) for more information.



### America's Recovery Capital Loan Program

On June 15, 2009, the Small Business Administration unveiled their new loan product America's Recovery Capital Loan Program. This loan will provide immediate short-term relief for viable businesses facing financial challenges. The funding for the entire program is \$255 million and ARC loans will be offered by some SBA lenders for as long as funding is available or until September 30, 2010, whichever comes first.

For more information please visit [www.sba.gov](http://www.sba.gov).

## Spotlight on The Martin Luther King Jr. Business Empowerment Center

The Martin Luther King, Jr. Business Empowerment Center in Worcester, Massachusetts recently renovated its business library to better serve the Central Massachusetts business community. The business library has been named in honor of Francis R. Carroll, founder of the Small Business Service Bureau, Inc. and a long time friend of the Center.

The Library is equipped with new computers, new business plan and accounting software, as well as project management software and software for business and technical drawings. The library is also equipped with business resources such as printed and video resources to help the start up or growing business. In addition, business consultation is available on a one-to-one basis. Services are available at no or low cost to all members of the business community.

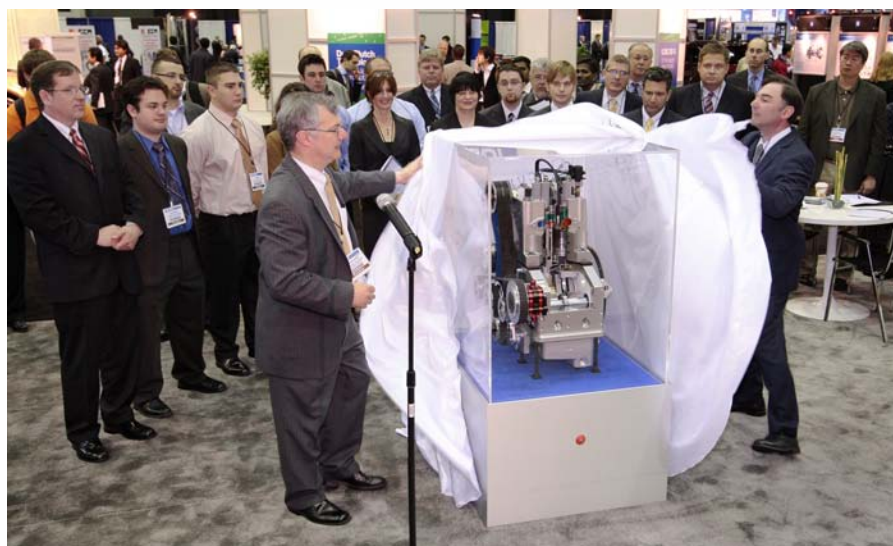


For more information on the Martin Luther King Jr. Business Empowerment Center please visit [www.mlkj-bec.org](http://www.mlkj-bec.org).



## Spotlight on a Small Business

The Scuderi Group, is a West Springfield family-owned research and development company that focuses on proliferating its technology through R&D and licensing. On April 20, 2009 at the Society of Automotive Engineers World Congress in Detroit Michigan, the company unveiled its new internal combustion engine the “Scuderi Air-Hybrid Engine”. For the first time since the inception of the Otto Cycle over 130 years ago, engine manufacturers have a brand new internal combustion process to work with. The Scuderi Split-Cycle Engine—with its Firing After Top Dead Center—is capable of achieving historic gains in fuel efficiency, reducing toxic emissions up to 80 percent and enabling engine manufacturers to meet future air quality standards today with only minimal retooling. Truly, a simple solution in a small package. This technology is expected to be the most significant advancement in internal combustion engines in over 130 years, capturing the attention of many of the world’s largest automakers and engine manufactures.



## American Recovery and Reinvestment Act 2009 (ARRA)

### Info You Need to Know

The ARRA provides, funding opportunities, financing assistance, and tax relief for small business across the nation. As many of the programs are detailed and specific we encourage you to visit [mass.gov/recovery](http://mass.gov/recovery) and click on the funding and contracts tab to learn more about these programs and the Massachusetts resources available to help you access them.

For more information on this exciting invention from a Massachusetts small business, please visit [www.scuderigroup.com](http://www.scuderigroup.com).

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